

# **MINUTES OF THE BOARD OF TRUSTEES CITY OF CINCINNATI RETIREMENT SYSTEM April 3, 2003**

The Chairperson called the meeting to order at 1:35 p.m. with the following members present:

John Bowling  
Minette Cooper (proxy for Mayor Charlie Luken)  
Joe Harrison  
Michael Rachford  
V. Daniel Radford, Chairperson  
Ely Ryder  
Paula Taylor  
Ed Volpe  
Francis Wagner (proxy for William Moller, Secretary)

Member's Absent:  
John Cranley  
Valerie Lemmie, City Manager

Mr. Radford called for a motion to approve the minutes of the March 6, 2003 meeting. The motion was made by Mr. Harrison, seconded by Mr. Bowling and carried; the minutes were approved as prepared by the Secretary.

## **BENEFITS COMMITTEE**

Ms. Taylor reported that Benefits Committee met on March 27, 2003. Ms. Taylor gave the following report.

1. Application for Ordinary Retirement April 1, 2003: Total – 18

<b>No.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
32315	Dean Faulkner	Transportation & Engineering
36176	John Harrison	Water Works
37361	Viktoria Dodds Lyles	Health
38767	Ronald Harley	Public Services
39172	William Knecht	Water Works
39292	Tommy Whittle	University of Cincinnati
39309	David Fox	Parking Facilities
39311	Mary Hopkins	Parking Facilities
39317	Roger Kirby	MSD
40599	Donald Mercer	Buildings & Inspections
41725	Jack Collins	Recreation
42768	Joseph Jones	Fire
44967	Millard Hardy	Facilities Management
52376	Patricia Ostenkamp	Recreation
48602	Robert Taylor	Water Works
48986	Raymond Miller	MSD
50876	Betty Jo Miller	Public Services
51525	James Robbins	MSD

2. Application for Retirement Death Benefits: Total - 10

3. Application for Active Employees Deaths: Total – 3

<b>NO.</b>	<b>NAME</b>	<b>DEPARTMENT</b>
48075	Milton Egner	MSD
50823	Gail Bonner	Highway Maintenance
51280	Donald Simpson	Recreation

Ms. Taylor distributed a report regarding the number of retirements that have occurred over the last three years. There were 201, 175, and 231 retirements in 2000, 2001, and 2002 respectively. The number of disability retirements has decreased over this three-year period. There were 23 disability retirements in 2000, 13 in 2001, and 9 in 2002.

Ms. Taylor also indicated that Mr. Rodney Prince, the City's Human Resource Director, has been invited to attend a Benefits Committee meeting in order to discuss the Return to Work Program. Ms. Taylor commented that this program appears to be successful and the Benefits Committee would like to ensure the program continues with its objective of finding jobs for members who are facing potential disability retirements.

Ms. Taylor moved that the Board accept the report of the Benefits Committee. Mr. Ryder seconded the motion and the motion was carried by the Board.

### **INVESTMENT COMMITTEE**

Mr. Radford reported that the Investment Committee met with seven international equity managers (six prospective managers and current manager Deutsche Bank) at their meeting on March 7, 2003. (A meeting was also held on February 24, 2003 with current international manager Babson-Stewart Ivory to accommodate their travel schedule.) Each manager was given approximately one hour to make their presentation and answer questions.

At the conclusion of the meetings, the Investment Committee agreed that none of the managers would be eliminated from the search process, but would focus on Delaware Capital, Causeway Capital, and Jarislowsky Fraser for potential investment assignments. The Committee directed the staff to obtain additional information related to corporate governance policies, proxy voting, etc. from each of these managers in order to aid in the selection process. The committee indicated that further decisions on the investment strategy for the international equity allocation would be made upon obtaining the results of the upcoming asset/liability study.

### **SECRETARY'S REPORT**

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 70
2. Resolution for Return of Contributions –Total: 21 Amount: \$36,068.56
3. Resolution for Loans to Members – Total: 56 Amount: \$494,620.81
4. Report on Deaths of Pensioned Members – Total: 18
5. Report on Military Service Credit prior to Membership – Total: 1

The Secretary submitted the following vouchers for payment:

<b>PAYEE</b>	<b>AMOUNT</b>
All Star Personnel Inc. – Temporary Personnel Services	\$1,630.85
ABS Business Products Inc. – Monthly Rental Base Rate for copier	\$238.50
City of Cincinnati – Division of Stores, Billing for Stores items for Feb.	\$104.55
City of Cincinnati – Communication Technology, Billing for telephone services for Feb. 2003	\$401.56
John T. Walsh – Reimbursement for Investment Committee meeting luncheon March 7, 2003	\$134.25
Betty Jane Taylor – Reimbursement for union dues	\$3.00
Chris Battle – Refund for Prior service credit (not purchased)	\$250.00
Dept of Finance – Accounts & Audits, 4 <sup>th</sup> Quarter 2002 Cinsy Billing	\$92,287.19
All Star Personnel Inc. – Temporary Personnel Services	\$2,334.73
Wyoming Travel – Reimbursement for airfare for P. Taylor for conference April 14-16, 2003	\$723.00
NCPERS – Registration fee for Conference May 18-22, 2003 for Board Members M. Rachford, J. Harrison & P. Taylor	\$1,200.00
Business Information Solutions, Inc. – Storage of CRS files	\$111.78
All Star Personnel Services – Temporary Personnel Services	\$2,101.73

The Secretary reported that at the close of business, March 31, 2003, there was in the Treasury, to the credit of the Retirement System \$1,799,441.26.

#### **Asset Valuation:**

- December 31, 2002: \$1.99 billion
- February 28, 2003: \$1.91 billion
- YTD Increase (Decrease): (3.73%)

#### **Current Asset Allocation: (Policy Objective)**

- Domestic Equity: 51.5% (50%)
- International: 12.6% (13.5%)
- Fixed Income: 35.0% (33.5%)
- Alternative Assets/Treasury Cash: 0.9% (3%)

Mr. Wagner commented that the Retirement System assets are down about 18% from one-year ago, and are at their lowest level since the 1<sup>st</sup> Quarter of 1997.

#### **OTHER BUSINESS**

Mr. Ryder began discussion on how the death of firefighter Oscar Armstrong has brought his attention to the Retirement System's current policies for providing

benefits to domestic partners and dependant children. Although Mr. Armstrong was not a member of the City retirement system, Mr. Ryder stated that the Board should consider providing survivor benefits that are more reflective of contemporary living standards and that protect children in situations where there are committed living relationships.

Mr. Radford suggested that the retirement staff contact other retirement systems to survey how they address these issues and report back to the Board with possible changes/recommendations.

### **PENDING BUSINESS**

Corporate Governance: Mr. Fink reported that the retirement staff is continuing work and research on this issue and anticipates delivering a report to the Board at the May meeting.

Asset/Liability Study: Mr. Fink reported that the contract with PCA/EFI has been executed and that the consultant has begun the preliminary work on the study. The tentative date for a presentation by PCA/EFI to explain the processes involved in conducting this study is the May 2, 2003 Investment Committee meeting. Mr. Fink commented that all Board members are encouraged to attend this presentation.

Member Statements: Mr. Giles reported that member statements that cover the two-year period 2001 and 2002 should be mailed to members within 10 business days.

Board Retreat: Mr. Fink reported that the Board retreat is being targeted for a Friday in May or June. Topics that have been suggested thus far have been REIT investments, AFSCME policies on pension governance, and an educational session on alternative asset investments. Mr. Ryder stated that he is interested in a session that would help the Board better function and improve working relationships among Board members. Mr Radford commented that he would like to prioritize two or three issues and then cover those issues in detail.

HIPAA: Mr. Fink reported that the staff is just starting to review the issue and what the regulations may entail. Mr. Fink suggested that Mr. Chuck Haas, the City's Risk Manager be invited to a Board meeting to discuss the HIPAA regulations. Mr. Ryder commented that it may be appropriate to ask the City Solicitor for some guidance on this issue.

Portfolio Monitoring: Mr. Ryder asked if the City Solicitor has hired anyone to monitor the investment portfolio for corporate governance issues. Mr. Radford

stated that he is holding this item up while he waits on legal assistance from the labor council.

### **NEW BUSINESS**

Mr. Giles reported that an announcement of the upcoming election for an employee representative to the Board of Trustees would be coming out the following day. The election will be held the first Tuesday in June. Mr. Radford commented that Mr. Rachford would be Chair of the Election Committee for this year's election.

Retirement System Budget: A Retirement System operating budget approved by Mr. Moller for 2003 was presented to the Board. Excluding costs for one-time expenses, the 2003 budget is an increase of 5.4% compared to 2002 actual operating expenditures.

Operational Audit: Mr. Ryder suggested that in addition to annual financial audit, the Board consider conducting an operational audit of the retirement system. Mr. Wagner commented that other than an audit of reciprocity calculators by Deloitte Touche, an operational type audit of the retirement system has not been conducted in the past.

### **ADJOURNMENT**

Upon request of Mr. Radford for motion to adjourn, a motion was made by Ms. Taylor, seconded by Mr. Wagner and carried. The meeting adjourned at 2:45 p.m.